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C O N F I D E N T I A L SECTION 01 OF 02 NEW DELHI 001850

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E.O. 12958: DECL: 03/18/2016
TAGS: [PREL](#) [ENRG](#) [ETRD](#) [PTER](#) [EINV](#) [PBTS](#) [IN](#) [BD](#)
SUBJECT: GOI HOPING FOR POSITIVE BANGLADESH PM VISIT
DESPITE SECURITY WORRIES

REF: A. DHAKA 1159
[1](#)B. DHAKA 1053

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Classified By: POLCOUNS GEOFF PYATT, for Reasons 1.4 (B, D)

[1](#)1. (C) Summary: Bangladesh Prime Minister Zia's March 20-23 visit to New Delhi, reciprocating Prime Minister Singh's visit to Dhaka in November 2005, reflects in large part Singh's sustained efforts and desire to ease long-standing bilateral tensions. Zia is expected to attend a ceremonial reception hosted by President Kalam and a banquet hosted by Singh on March 20, so it is clear that the GOI is rolling out the red carpet to try to put historically difficult relations on a better footing. The Indian media has reported that Sonia Gandhi and unnamed Cabinet ministers will also call on Zia. The agenda is expected to cover economic ties, including trade, investment protection, double taxation, and water (but not natural gas), yet New Delhi's underlying concern undoubtedly is security, to include the rise of terrorism in Bangladesh, border security, and growing evidence of terrorists in India using Bangladesh for logistical support. End Summary.

GOI Hopes Dialogue Will Improve Economic Ties

[1](#)2. (U) Against the background of a still testy relationship, the GOI has worked to manage expectations of this visit, and results will likely be limited to dialogue. India's High Commissioner to Dhaka Veena Sikri told reporters on 13 March that Zia's visit to New Delhi is an opportunity to start a

"constant engagement in dialogue," which she said was the only way to resolve the longstanding tensions that have plagued bilateral trade, in which India had a \$1.5 billion trade surplus in FY2004-05, and investment discussions. New Delhi is expected to seek improved cross-border access for trade, its top bilateral economic priority, and use of Chittagong port for goods shipments, and Dhaka will be looking for lower barriers to its exports to India. New Delhi is also looking to engage Dhaka on a bilateral free trade agreement (FTA). On the investment front, the Indian business community has been pressing for an investment-protection treaty, the importance of which was most recently highlighted by the Tata's halting efforts to establish a \$2.5 billion steel project in Bangladesh. However, Sikri noted that there is "no scope" for discussions on a tri-nation pipeline that would allow India to import natural gas from Burma.

Putting a Positive Spin On Water Sharing

13. (C) Sikri indicated that India seeks to move ahead on water agreements, saying that India looked forward to resolving sharing issues in a spirit similar to the Ganges Water Sharing Treaty and helping Bangladesh with water management and siltation. Her comments reflect a broadly held desire in New Delhi to break free of petty regional disputes and broadcast a reputation as a magnanimous regional power. This is particularly striking given that Dhaka has repeatedly pressed New Delhi to address alleged inequities in the Ganges Water Sharing Treaty, and that China recently signed an agreement with Bangladesh to provide "real-time data" on the water flow of the Brahmaputra River to help forecast floods.

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Despite High Profile Arrests, Security Concerns Remain

14. (C) India expects that Begum Zia will tout her country's high profile arrests of senior Jammatal Mujahedin Bangladesh (JMB) leader Siddiqui Islam a.k.a Bangla Bhai (Ref A) and JMB operations chief Sheikh Abdur Rahman (Ref B), but Delhi-based terrorism expert Ajai Sahni discounted the early March arrests as evidence of a significant policy change by Dhaka. "We must wait to see how these arrests proceed, if there is a real trial, how sentencing is carried out," he added. Sahni pointed to Islamabad's tradition of arresting terrorist leaders and cadres en masse, only to release them days or weeks later, as an explanation for his cautious reply; he also suggested that, to gain credibility, Dhaka would have not only to arrest terrorist leaders, but also uproot their organizations and infrastructure. Sahni's concerns echo official comments, including those of MEA spokesman Navtej Sarna, who stated, "Dhaka needs to respond to Indian sensitivities regarding terror and insurgent groups operating from its territory, as well as illegal migration." Even Sikri, despite her efforts to accentuate the positive, told reporters that an extradition treaty is critical to progress on the security front. With widely reported evidence in the Varanasi bombings pointing to possible Bangladeshi involvement, security clearly tops India's agenda, even if it will not admit publicly to such fears.

Comment: A Fresh Start

15. (C) Comment: The extent to which Prime Minister Zia's visit to New Delhi truly ushers in a new era of positive bilateral ties will depend in large part on the Indian side on New Delhi's ability to balance its positive spin against its very real security concerns, and on the Bangladeshi side, on Dhaka's intention to engage meaningfully across the board. Sikri's comments in particular hint at the difficulty New Delhi, at least, will face in managing its part of the talks,

as it will likely be forced to publicly gloss over long-standing difficulties, such as natural gas imports, in order to get the positive story the Prime Minister seeks. We will continue to engage the Indian MEA during and after this visit, underlining our shared stake in helping Bangladesh to surmount its recent difficulties.

¶6. (U) Visit New Delhi's Classified Website:
(<http://www.state.sgov.gov/p/sa/newdelhi/>)
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